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March 29, 2001

Mr. David Waddell  
Executive Secretary  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, Tennessee

RE: TRA Data Request, Dated February 9, 2001  
Docket 00-01083, Tariff Filing for CSA TN98-4502-00  
Docket 00-01138, Tariff Filing for CSA TN99-8681-00

Dear Mr. Waddell:

This is in response to the Staff's Data Request dated February 9, 2001.

After reviewing the transcript of the TRA's February 6, 2001 Conference, we note that most of the Directors' questions were apparently based on the assumption that BellSouth had somehow transferred "interconnection rates" from an Interconnection Agreement into a CSA (Transcript, page 19, line 11-13; Page 20, Lines 12-18; Page 21, lines 2-19; page 24, lines 13-25 and page 25, lines 1-17). According to this assumption, another carrier would not be able to "pick and choose" that rate, along with the relevant terms, under the CSA as they would if those rates remained in the Interconnection Agreement. However, this underlying assumption is incorrect.

While BellSouth agrees that interconnection rates contained in approved Interconnection Agreements are subject to all applicable rules, regulations, and orders with respect to the ability of CLECs to "pick and choose"; and while BellSouth agrees that it is not appropriate to move interconnection rates from an Interconnection Agreement to another arrangement, such as a CSA, where another CLEC could not exercise its legal options to "pick and choose", no interconnection have been moved from Interconnection Agreements to these CSAs.

### **Background**

To understand the complementary aspects of the Interconnection Agreement and the CSA, it may be helpful to review the nature of interconnection arrangements with CLEC networks. Commercial Mobile Radio Service (CMRS) providers and facility-based CLECs are generally

concerned with establishing and developing their own networks and, in order for the customers of one carrier to communicate with BellSouth's customers, the two carriers must connect their networks together at one or more points. Arrangements for this interconnection and for the Unbundled Network Elements (UNE) available from BellSouth are included in the Interconnection Agreements negotiated by the parties pursuant to Sections 251 and 252 of the Telecom Act of 1996, and filed with the Tennessee Regulatory Authority (TRA) for review and approval.

With regard to interconnection between networks, the actual interconnection has two components: interconnection traffic (telephone calls between customers) and the facilities for interconnection. As an illustration, interconnection traffic is analogous to vehicles, such as cars and trucks, that need to travel between two points separated by a river or other physical barrier, and the facility for interconnection is analogous to a bridge that connects these two points. While the vehicles exist separately from the bridge, they rely on the bridge to travel between the points at either end. Similarly, interconnection traffic passes between the two networks, but this traffic requires some sort of transport facility over which to travel. This transport facility may consist of anything from tin cans and string to high-speed optical fiber. And importantly, for the concerns expressed herein, how these "facilities for interconnection" are to be provided is not specifically set forth in the Interconnection Agreement. Thus while rates for the traffic (vehicles) between the carriers are clearly specified in the Interconnection Agreements in terms of "minutes of use", the facilities for interconnecting the networks (the bridge) are left to the parties and can be achieved through several alternatives, e.g., purchase of facilities from either party, from a third party, pursuant to a separate agreement between the parties, etc., as clearly specified in the Interconnection Agreements. The Interconnection Agreements do not address the rates for these facilities.

With regard to establishing and developing a facilities-based network, a carrier is generally concerned with placing equipment in various locations through collocation arrangements, obtaining UNEs such as loops to customer locations and other items, and linking the collocation equipment back into their network. In the case of CMRS providers, this involves establishing radio cell sites to provide coverage to a particular area and linking these cell sites to a central switching office. In both cases, the interconnection agreements will specify the rates, terms and conditions for UNEs that are available from BellSouth, but they do not restrict the service providers' alternatives for building their own networks to the items specifically covered under the interconnection agreements alone.

### **Interconnection Agreements**

The Interconnection Agreement for the customer in CSA TN98-4502-00 (TRA Docket 00-01083) was filed with the TRA in Docket 00-00803. This Agreement contains two provisions that are relevant to this discussion.

Section V.A.1 (quoted here in part, complete reference attached)

The parties agree that there are three appropriate methods of interconnection facilities: (1) interconnection at any technically feasible point via purchase of facilities from either party (or from a third party) by the other party; *[methods 2 and 3 involve collocation which is not relevant to this discussion and are omitted]* Type 1, Type 2A, and Type 2B interconnection arrangements described in BellSouth's General Subscriber Services Tariff, Section A35, or *[reference to North Carolina is not relevant and is omitted]*, may be purchased pursuant to this agreement provided, however, that such interconnection arrangements shall be provided at the rates, terms and conditions set forth in this Agreement. ***Facilities for interconnection or for other BellSouth-supplied facilities, features, functions, or services may be purchased by Carrier (i) pursuant to a separate agreement between the parties, or (ii) pursuant to the rates, terms and conditions set forth in applicable tariffs, . . .***(emphasis added)

Section V.D (quoted here in part, complete reference attached)

(ii) Carrier will provide or bear the cost of all trunk groups for the delivery of Local Traffic from Carrier to Each BellSouth access tandem and end office at which the parties' networks are interconnected; ***Carrier may supply its own interconnection facilities or may purchase such facilities (a) from BellSouth pursuant to a separate agreement or tariff for this purpose, or (b) from any other third-party supplier; . . .***(emphasis added)

The Type 1, Type 2A and Type 2B services available in Section A35 of BellSouth's GSST are essentially lines or trunks that are priced at a flat monthly rate or a usage sensitive rate. However, Section V.A.1 explicitly states that these interconnection arrangements shall be at the rates, terms and conditions set forth in this Agreement. The only such rates included in the Agreement are the CMRS Local Interconnection Rates contained in Attachment B-1 to the Interconnection Agreement, and these rates are limited to "per-minute" charges for the local interconnection traffic. The Agreement contains no Attachments or other language regarding the rates for facilities for interconnection. In addition, BellSouth's Tariff A35 clearly allows for the Type 1, Type 2A and Type 2B services to be provisioned on SmartRing, LightGate or MegaLink facilities at the rates specified in the appropriate tariffs for those services. Therefore, the rates for the interconnection facilities, provided under one of the alternatives described in Sections V.A.1 and V.D are not addressed under the Interconnection Agreement.

The Interconnection Agreement for the customer in CSA TN99-8681-00 (TRA Docket 00-01138) was filed with the TRA in Docket 97-00320. While this Agreement is an older version, it contains similar language to that described above.

Section VI.A (quoted here in part, complete reference attached)

Facilities may be purchased at rates, terms and conditions set forth in BellSouth's intrastate Switched Access (Section E6) or Special Access (Section E7) services tariff or as contained in Attachment B-1 for local interconnection, incorporated herein by this reference.

Attachment B-1 lists the per-minutes rates for local interconnection traffic at various interconnection points.

Section VI.D (quoted here in part, complete reference attached)

The parties agree to establish trunk groups from the interconnection facilities of subsection (A) of this section such that each party provides a reciprocal of each trunk group established by the other party. *Notwithstanding the foregoing, each party may construct its network, including the interconnecting facilities, to achieve optimum cost effectiveness and network efficiency.* (emphasis added)

Clearly, this Interconnection Agreement covers the "per-minute" rate for interconnection traffic, but does not address the rates for facilities for interconnection.

### **Contract Service Arrangements**

These CSAs are "volume & term" agreements that simply provide a discount on billing for certain specified "discount-eligible" services, (e.g., SmartRing, MegaLink, LightGate and FlexServ services), in return for the carrier's commitment to a certain level of billing in the BellSouth region. These eligible services are transport services available to retail customers under BellSouth's General Subscriber Services Tariff (GSST) and Private Line Services Tariff (PLST). MegaLink Service (PLST B7.1) provides for digital transport of digital signals at the DS-1 level. LightGate Service (PLST B7.4) provides channelized fiber optic based transport at the DS-3 and DS-1 levels. SmartRing (PLST B7.7) is a dedicated, high capacity network designed to provide increased reliability and functionality via a self-healing ring topology. FlexServ Service (GSST A32.1.3) provides customers with the ability to monitor and reconfigure their private line and exchange access services. The rate elements for these transport services are structured around bandwidth or channel capacity, and services do not include lines, trunks, or any other type of traffic-related circuit, nor do they contain any usage-based rate elements such as are contained in and are the essence of an Interconnection Agreement. Therefore, these CSAs provide discounts for billing on transport services selected by the customer to provide the facilities for interconnection and for use in constructing their own network. Rates for these services are not specified in the Interconnection Agreement, and they have no effect on the rates set by the Authority for UNEs. Therefore, no rates in either Interconnection Agreement have been "moved" to a CSA.

To the best of BellSouth's knowledge, nothing in the Federal Telecommunications Act or in subsequent FCC orders or rulings restricts a carrier from ordering appropriate items out of BellSouth's tariffs. The TRA has, in fact, ruled that a carrier may order certain items out of BellSouth's tariffs (TRA Docket 98-00123, Petition of NextLink for Arbitration of an Interconnection Agreement with BellSouth). In the First Order of Arbitration Award, dated May 18, 1990, the Authority ruled that "if NEXTLINK wants DCS for routing and managing capabilities, NEXTLINK may purchase FlexServ out of BellSouth's access tariff;" (page 8).

### **Implications for other Carriers**

Concerns have been expressed about the ability of other carriers to secure rates available in a CSA. We would point out that the customers for these CSAs are licensed by the FCC as

Commercial Mobile Ration Service (CMRS) providers. As such, it appears that the rates, terms and conditions in the Interconnection Agreements with these CMRS providers are not available to CLECs in general unless the CLEC was also licensed as a CMRS provider. However, either company, whether a CMRS provider or a CLEC, could also be a retail customer of BellSouth and thereby avail themselves of a CSA. Notwithstanding this restriction, we have examined the concern stated above. As an example, Time Warner's pending Interconnection Agreement (approved on February 6, 2001) was examined. In Attachment 2, Paragraph 3 (Methods of Interconnection) reads as follows: "Interconnection for telephone exchange service and exchange access shall be either at BellSouth access tandems, local tandems and/or at BellSouth end offices within a local calling area or other authorized area (e.g., and Extended Area Service Zone), or by multiple tandem access as set for the in 3.1. Interconnection is available through: (1) virtual collocation; (2) physical collocation; and (3) *interconnection via purchase of facilities from either party by the other company.*" (Emphasis added)

This Agreement described in detail a "Fiber-Meet" or "Mid-Span Meet" arrangement in Attachment 3, Sec 3.2 whereby each party provides its own half of the facilities for interconnection, and the parties apparently intend to utilize this method of interconnection, given the detail provided in the Agreement. However, the option remains under Paragraph 3 to purchase the interconnection facilities from the other party.

With respect to these CSAs, nothing in Time Warner's Interconnection Agreement, or similar Agreements negotiated with other carriers, prevents them from ordering appropriate services from BellSouth's tariffs. Similarly, other carriers are free to negotiate discounts for tariffed services under a CSA. Time Warner, or any other customer (including retail business customers or other carriers) can obtain the same arrangements as negotiated by these CSA customers by agreeing to the same regional revenue commitment for the same discount-eligible services under the same terms and conditions contained in these CSAs.

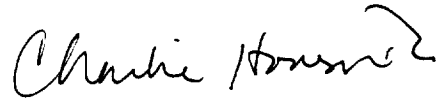
### **Summary**

In summary, the Interconnection Agreements for these customers make a clear distinction between interconnection traffic and facilities for interconnection. Interconnection traffic is measured in "minutes of use" and is billed at rates, terms and conditions clearly established in Interconnection Agreements pursuant to the Federal Telecom Act. Nothing in these CSAs changes or otherwise affects any rates contained in the Interconnection Agreements. The Interconnection Agreements clearly state that facilities for interconnection or construction of a Carrier's own network may be supplied by the Carrier or may be purchased pursuant to a separate agreement between the parties, pursuant to the rates, terms and conditions set forth in applicable tariffs, or from any other third-party supplier. In this instance, the two companies who are the subject of the CSAs chose to negotiate discounted rates for these facilities, or transport, with BellSouth just as is done in any CSA involving Primary Rate ISDN, MegaLink Service, etc. Rates for these facilities are not subject to Sec 251 and 252 of the Federal Telecom Act. Tariffs and/or CSAs are a legitimate way of providing these facilities.

(6)

We trust that this explanation addresses the Directors' concerns as expressed during the February 6, 2001 Conference. Please contact me or Paul Stinson at 214-3839 if there are any additional questions.

Yours truly,

A handwritten signature in black ink, appearing to read "Charlie Housner". The signature is written in a cursive, flowing style with a large, sweeping initial "C".

Attachments

B-1 for each type of call by the total minutes of use each month for each such type of call. The minutes of use or portion thereof for each call, as the case may be, will be accumulated for the monthly billing period and the total of such minutes of use for the entire month rounded to the nearest minute. The usage charges will be based on the rounded total monthly minutes. The charges for Local Interconnection shall be billed monthly and payable monthly. Late payment fees, not to exceed 1 1/2% per month (or a lower percent as specified by an appropriate state regulatory agency) after the due date may be assessed, if undisputed interconnection charges are not paid, within thirty (30) days after the due date of the monthly bill. All charges under this agreement shall be billed within one year from the time the charge was incurred, previously unbilled charges more than one year old shall not be billed by either party.

**V. Methods of Interconnection**

- A. 1. The parties agree that there are three appropriate methods of interconnecting facilities: (1) interconnection at any technically feasible point via purchase of facilities from either party (or from a third party) by the other party; (2) physical collocation; and (3) virtual collocation where physical collocation is not practical for technical reasons or because of space limitations. Type 1, Type 2A and Type 2B interconnection arrangements described in BellSouth's General Subscriber Services Tariff, Section A35, or, in the case of North Carolina, in the North Carolina Connection and Traffic Interchange Agreement effective June 30, 1994, as amended, may be purchased pursuant to this Agreement provided, however, that such interconnection arrangements shall be provided at the rates, terms and conditions set forth in this Agreement. Facilities for interconnection or for other BellSouth-supplied facilities, features, functions, or services may be purchased by Carrier (i) pursuant to a separate agreement between the parties, or (ii) pursuant to the rates, terms and conditions set forth in applicable tariffs, including without limitation BellSouth's intrastate Switched Access (Section E6) or Special Access (Section E7) services tariff.
2. Local Interconnection shall be provided at a level of quality at least equal to that which each party provides to itself, to any of its Affiliates, or, in the case of BellSouth-supplied interconnection, at least equal to that provided by BellSouth to any similarly-situated CMRS provider having interconnection arrangement(s) with BellSouth comparable to the interconnection arrangement(s) provided to Carrier under this Agreement; except that, upon request, a different level of quality may be provided to the extent technically feasible and subject to the negotiation of acceptable provisions and compensation arrangements. All interconnection facilities shall meet the applicable telecommunications industry standards of engineering, design, and operation, as the case may be, for LEC-CMRS

interconnection in effect from time to time. Rates and charges for both virtual and physical collocation may be provided in a separate collocation agreement. Rates for virtual collocation will be based on BellSouth's Interstate Access Services Tariff, FCC #1, Section 20 and/or BellSouth's Intrastate Access Services Tariff, Section E20. Rates for physical collocation will be negotiated on an individual case basis.

B. The parties will accept and provide any of the preceding methods of interconnection. Reciprocal connectivity shall be established to at least one BellSouth access tandem within every LATA Carrier desires to serve, or Carrier may elect to interconnect directly at an end office for delivery of traffic to end users served by that end office. Such interconnecting facilities shall conform, at a minimum, to the telecommunications industry standard of DS-1 pursuant to Bellcore Standard No. TR-NWT-00499. Signal transfer point, Signaling System 7 ("SS7") connectivity is required at each interconnection point after Carrier implements SS7 capability within its own network. BellSouth will provide out-of-band signaling using Common Channel Signaling Access Capability where technically and economically feasible, in accordance with the technical specifications set forth in the BellSouth Guidelines to Technical Publication, TR-TSV-000905. The parties agree to engineer their respective facilities' (i) to provide the necessary on-hook, off-hook answer and disconnect supervision, (ii) hand off calling party number ID when technically feasible, and (iii) to honor privacy codes and line blocking requests.

C. Nothing herein shall prevent Carrier from utilizing existing collocation facilities, purchased from the appropriate tariffs, for local interconnection; provided, however, that, unless otherwise agreed to by the parties, if Carrier orders new facilities for interconnection or rearranges any of its existing facilities in order to use such facilities for local interconnection hereunder and a BellSouth charge is applicable thereto, BellSouth shall only charge Carrier the lower of the interstate or intrastate tariffed rate or promotional rate.

D. The parties agree to establish trunk groups from the interconnecting facilities of subsection (A) of this Section such that each party provides a reciprocal of each trunk group established by the other party. Notwithstanding the foregoing, each party may construct its network, including the interconnecting facilities, to achieve optimum cost effectiveness and network efficiency. The parties agree to provide at least a P.01 level of service and to work cooperatively in the placement and/or removal of interconnection facilities. Unless otherwise agreed:

(i) BellSouth will provide or bear the cost of all trunk groups for the delivery of Local Traffic from BellSouth's network to Carrier's Mobile Telephone Switching offices within BellSouth's service territory; and



(ii) Carrier will provide or bear the cost of all trunk groups for the delivery of Local Traffic from Carrier to each BellSouth access tandem and end office at which the parties' networks are interconnected; Carrier may supply its own interconnection facilities or may purchase such facilities (a) from BellSouth pursuant to a separate agreement or tariff for this purpose, or (b) from any other third-party supplier; and

(iii) in the event the parties agree to use two-way interconnection facilities in lieu of separate one-way facilities, the appropriate charges for such facilities shall be divided on a pro rata basis reflecting the estimated or actual percentage of traffic that terminates on the network of each party; provided however that, in such circumstance, BellSouth's treatment of Carrier as to said charges shall be consistent with BellSouth treatment of other local exchange carriers for the same charges.

E. The parties will use an auditable PLU factor as a method for determining the amount of traffic exchanged by the parties that is Local Traffic and the amount of traffic that is Non-Local Traffic. The PLU factor will be used for traffic delivered by either party for termination on the other party's network.

F. When the parties provide an access service connection between an interexchange carrier ("IXC") and each other, each party will provide its own access services to the IXC. If access charges are billed, each party will bill its own access service rates to the IXC.

G. The ordering and provision of all services purchased from BellSouth by Carrier shall be as set forth in the BellSouth Telecommunications Wireless Customer Guide as amended from time to time. The ordering and provisioning of facilities or services by a party, including, but limited to, installation, testing, maintenance, repair, and disaster recovery, shall be provided at a level of quality and care at least equal to that which it provides to itself, an affiliate, or, in the case of BellSouth supplied interconnection, at least equal to that provided by BellSouth to any other similarly situated CMRS provider having interconnection arrangement(s) with BellSouth comparable to the interconnection arrangement(s) provided to Carrier under this Agreement, unless Carrier and BellSouth specifically negotiate a different level of quality or care.

H. BellSouth will make available to Carrier an electronic mail capability, via the Internet, through which Carrier may deliver ordering information to BellSouth and through which Carrier may receive confirmation of such ordering information.

#### **VI. Non-Local Traffic Interconnection**

A. The delivery of Non-Local Traffic by a party to the other party shall be reciprocal and compensation will be mutual. For terminating its Non-Local Traffic

(2) It shall apply the provisions of the Act, including but not limited to §252(d)(1) and all effective implementing rules and regulations, provided that said Act and such regulations are in effect at the time of the final order, and

(3) It shall include as an issue any additional transport and other costs associated with transporting and terminating Local Traffic throughout a LATA instead of only within the traditional landline local calling area.

## **VI. Methods of Interconnection**

**A.** The parties agree that there are three appropriate methods of interconnecting facilities: (1) virtual collocation where physical collocation is not practical for technical reasons or because of space limitations; (2) physical collocation; and (3) interconnection via purchase of facilities from either party by the other party. Rates and charges for collocation are set forth in Attachment C-13, incorporated herein by this reference. Facilities may be purchased at rates, terms and conditions set forth in BellSouth's intrastate Switched Access (Section E6) or Special Access (Section E7) services tariff. Type 1, Type 2A and Type 2B interconnection arrangements described in BellSouth's General Subscriber Services Tariff, Section A35, or, in the case of North Carolina, in the North Carolina Connection and Traffic Interchange Agreement effective June 30, 1994, as amended, may also be purchased pursuant to this Agreement provided, however, that such interconnection arrangements shall be provided at the rates, terms and conditions set forth in this Agreement.

**B.** The parties agree to accept and provide any of the preceding methods of interconnection. Reciprocal connectivity shall be established to at least one BellSouth access tandem within every LATA Carrier desires to serve, or Carrier may elect to interconnect directly at an end office for interconnection to end users served by that end office. Such interconnecting facilities shall conform, at a minimum, to the telecommunications industry standard of DS-1 pursuant to Bellcore Standard No. TR-NWT-00499. Signal transfer point, Signaling System 7 ("SS7") connectivity is required at each interconnection point after Carrier implements SS7 capability within its own network. BellSouth will provide out-of-band signaling using Common Channel Signaling Access Capability where technically and economically feasible, in accordance with the technical specifications set forth in the BellSouth Guidelines to Technical Publication, TR-TSV-000905. The parties agree that their facilities shall provide the necessary on-hook, off-hook answer and disconnect supervision and shall hand off calling party number ID when technically feasible. The parties further agree that in the event a party interconnects via the purchase of facilities and/or services from the other party, the

appropriate intrastate tariff, as amended from time to time will apply. In the event that such facilities are used for two-way interconnection, the parties agree that the appropriate charges for such facilities will be shared by the parties based upon percentages equal to the estimated or actual percentage of traffic on such facilities

C. Nothing herein shall prevent Carrier from utilizing existing collocation facilities, purchased from the interexchange tariffs, for local interconnection; provided, however, that if Carrier orders new facilities for interconnection or rearranges any facilities presently used for its alternate access business in order to use such facilities for local interconnection hereunder and a BellSouth charge is applicable thereto BellSouth shall only charge Carrier the lower of the interstate or intrastate tariffed rate or promotional rate.

D. The parties agree to establish trunk groups from the interconnecting facilities of subsection (A) of this section such that each party provides a reciprocal of each trunk group established by the other party. Notwithstanding the foregoing, each party may construct its network, including the interconnecting facilities, to achieve optimum cost effectiveness and network efficiency. BellSouth's treatment of Carrier as to said charges shall be consistent with BellSouth treatment of other local exchange carriers for the same charges. Unless otherwise agreed, BellSouth will provide or bear the cost of all trunk groups for the delivery of traffic from BellSouth to Carrier's Mobile Telephone Switching Offices within BellSouth's service territory, and Carrier will provide or bear the cost of all trunk groups for the delivery of traffic from Carrier to each BellSouth access tandem and end office at which the parties interconnect.

E. The parties agree to use an auditable PLU factor as a method for determining whether traffic is Local or Toll. The PLU factor will be used for traffic delivered by either party for termination on the other party's network.

F. When the parties provide an access service connection between an interexchange carrier ("IXC") and each other, each party will provide its own access services to the IXC. Each party will bill its own access services rates to the IXC.

G. The ordering and provision of all services purchased from BellSouth by Carrier shall be as set forth in the BellSouth Telecommunications Wireless Customer Guide as that guide is amended by BellSouth from time to time during the term of this Agreement.

## **VII. Toll Traffic Interconnection**

A. The delivery of Toll Traffic by a party to the other party shall be reciprocal and compensation will be mutual. For terminating its Toll Traffic on the other party's network, each party will pay either the access charges described in paragraph (B)